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Financial Report

St. Tammany Council on the Aging, Inc.
Covington, Louisiana

June 30, 2000

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Release Date (-31-01)

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St. Tammany Council on the Aging, Inc.
Covington, Louisiana

June 30, 2000

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

I have audited the accompanying general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 23, 2000, on my consideration of the St. Tammany Council on the Aging, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, taken as a whole. The accompanying Schedules 1 through 5, listed as supplementary financial information in the table of contents, are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the general purpose financial statements. The accompanying schedule 6, Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements. The information in schedules 1 through 6 has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

Neil G. Ferrari, CPA

Baton Rouge, Louisiana,
August 23, 2000.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

I have audited the general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of and for the year ended June 30, 2000, and have issued my report thereon dated August 23, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Tammany Council on the Aging, Inc.'s general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which I have reported to management of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, in a separate letter dated August 23, 2000.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. Tammany Council on the Aging, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect St. Tammany Council on the Aging, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that the reportable condition described above is not a material weakness.

This report is intended for the information and use of the Council's board of directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Mel B. Ferari, CPA

Baton Rouge, Louisiana,
August 23, 2000.

NEIL G. FERRARI

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

Compliance

I have audited the compliance of the St. Tammany Council on the Aging, Inc., Covington, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The St. Tammany Council on the Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Tammany Council on the Aging, Inc.'s management. My responsibility is to express an opinion on the St. Tammany Council on the Aging, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Tammany Council on the Aging, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the St. Tammany Council on the Aging, Inc.'s compliance with those requirements.

In my opinion, the St. Tammany Council on the Aging, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the St. Tammany Council on the Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the St. Tammany Council on the Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted a matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the St. Tammany Council on the Aging, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that the reportable condition described above is not a material weakness.

This report is intended for the information and use of the Council's board of directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Muri G. Fermani, CPA

Baton Rouge, Louisiana,
August 23, 2000.

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2000
With Comparative Totals for the Year Ended June 30, 1999

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	2000	1999
ASSETS AND OTHER DEBITS						
Assets:						
Cash	\$ 199,731	\$ 31,365	\$ 0	\$ 0	\$ 231,096	\$ 65,939
Investments	143,882	0	0	0	143,882	39,548
Government grants & contracts receivable	0	17,519	0	0	17,519	9,701
Accounts receivable	0	1,125	0	0	1,125	825
Property taxes receivable	19,454	0	0	0	19,454	0
Miscellaneous receivables	0	0	0	0	0	2,353
Prepaid expenditures	596	0	0	0	596	5,147
Deposit towards vehicle purchase	6,662	0	0	0	6,662	0
Restricted assets - Investments	14,818	0	0	0	14,818	32,676
Due from Special Revenue Funds	18,644	0	0	0	18,644	0
Fixed assets	0	0	385,238	0	385,238	400,351
Other debits:						
Amount to be provided	0	0	0	7,800	7,800	11,854
Total assets and other debits	\$ 403,787	\$ 50,009	\$ 385,238	\$ 7,800	\$ 846,834	\$ 568,394
LIABILITIES, FUND EQUITY, AND OTHER CREDITS						
Liabilities:						
Accounts payable	\$ 217	\$ 28,094	\$ 0	\$ 0	\$ 28,311	\$ 23,095
Accrued salaries and wages	0	0	0	0	0	23,118
Accrued (overpaid) payroll taxes	7,577	0	0	0	7,577	1,860
Accrued travel	0	0	0	0	0	1,916
State income tax withholding	2,042	0	0	0	2,042	639
Other payroll withholdings & expenses	26	0	0	0	26	446
Due to General Fund	0	18,644	0	0	18,644	0
Advances from funding agency	0	517	0	0	517	0
Long-term debt	0	0	0	0	0	4,570
Accumulated unpaid vacation	0	0	0	7,800	7,800	7,284
Total liabilities	9,862	47,255	0	7,800	64,917	62,928
Fund Equity and Other Credits:						
Fund balances:						
Reserved for:						
Prepaid expenditures	596	0	0	0	596	5,147
Deposit towards vehicle purchase	6,662	0	0	0	6,662	15,122
Slidell senior center building fund	14,818	0	0	0	14,818	17,654
Unreserved - undesignated	371,849	2,754	0	0	374,603	67,192
Investment in general fixed assets	0	0	385,238	0	385,238	400,351
Total fund equity and other credits	393,925	2,754	385,238	0	781,917	505,466
Total liabilities, fund equity and other credits	\$ 403,787	\$ 50,009	\$ 385,238	\$ 7,800	\$ 846,834	\$ 568,394

The accompanying notes are an integral part of this statement.

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES**

**For the year ended June 30, 2000
With Comparative Totals for the Year Ended June 30, 1999**

	General	Special Revenue	Totals (Memorandum Only)	
			2000	1999
REVENUES				
Intergovernmental	\$ 50,941	\$ 558,670	\$ 609,611	\$ 632,431
Property Taxes	461,630	0	461,630	0
Public Support	7,981	29,440	37,421	33,298
Fundraisers	10,290	0	10,290	14,591
Interest Income	5,097	0	5,097	5,563
Program Service Fees	0	4,646	4,646	1,252
Miscellaneous	584	0	584	125
Total revenues	536,523	592,756	1,129,279	687,260
EXPENDITURES				
Current:				
Personnel	0	299,894	299,894	264,747
Fringe	0	32,774	32,774	25,871
Travel	0	25,247	25,247	21,239
Operating Services	9,284	128,897	138,181	113,725
Operating Supplies	9,543	41,209	50,752	31,072
Other Costs	2,476	14,905	17,381	12,879
Meals	0	177,223	177,223	139,669
Full Service Contracts	4,576	25,810	30,386	39,500
Capital Outlay	43,500	516	44,016	82,940
Intergovernmental	13,913	0	13,913	0
Utility Assistance	0	5,863	5,863	3,917
Debt Service:				
Interest Expense	564	0	564	327
Principal Payments	4,570	0	4,570	1,572
Total expenditures	88,426	752,338	840,764	737,458
Excess of revenues over (under) expenditures	448,097	(159,582)	288,515	(50,198)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	240,294	240,294	139,686
Operating transfers out	(120,726)	(119,568)	(240,294)	(139,686)
Proceeds from sale of vans	3,050	0	3,050	1,533
Proceeds from bank loan	0	0	0	6,142
Excess of revenues and other sources over (under) expenditures and other uses	330,421	(38,856)	291,565	(42,523)
FUND BALANCES				
Beginning of year	63,504	41,610	105,114	147,638
End of year	\$ 393,925	\$ 2,754	\$ 396,679	\$ 105,115

The accompanying notes are an integral part of this statement.

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND TYPE**

For the year ended June 30, 2000

	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 31,649	\$ 50,941	\$ 19,292
Property Taxes	420,000	461,630	41,630
Public Support	14,000	7,981	(6,019)
Fundraisers	10,080	10,290	210
Interest Income	2,720	5,097	2,377
Miscellaneous	125	584	459
Total revenues	478,574	536,523	57,949
EXPENDITURES			
Current:			
Personnel	0	0	0
Fringe	0	0	0
Travel	0	0	0
Operating Services	9,302	9,284	18
Operating Supplies	8,898	9,543	(645)
Other Costs	2,466	2,476	(10)
Meals	0	0	0
Full Service Contracts	4,800	4,576	224
Capital Outlay	57,850	43,500	14,350
Intergovernmental	0	13,913	(13,913)
Debt Service:			
Interest Expense	564	564	0
Principal Payments	4,570	4,570	0
Total expenditures	88,450	88,426	24
Excess of revenues over (under) expenditures	390,124	448,097	57,973
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(187,879)	(120,726)	67,153
Proceeds from sale of vans	0	3,050	3,050
Excess of revenues and other sources over (under) expenditures and other uses	202,245	330,421	\$ 128,176
FUND BALANCE			
Beginning of year	63,504	63,504	
End of year	\$ 265,749	\$ 393,925	

The accompanying notes are an integral part of this statement.

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUND TYPE**

For the year ended June 30, 2000

	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 558,447	\$ 558,670	\$ 223
Public Support	31,760	29,440	(2,320)
Program Service Fees	4,000	4,646	646
Total revenues	594,207	592,756	(1,451)
EXPENDITURES			
Current:			
Personnel	288,893	299,894	(11,001)
Fringe	28,857	32,774	(3,917)
Travel	29,750	25,247	4,503
Operating Services	129,701	128,897	804
Operating Supplies	34,000	41,209	(7,209)
Other Costs	14,034	14,905	(871)
Meals	165,702	177,223	(11,521)
Full Service Contracts	26,125	25,810	315
Capital Outlay	2,100	516	1,584
Utility Assistance	5,760	5,863	(103)
Total expenditures	724,922	752,338	(27,416)
Excess of revenues over (under) expenditures	(130,715)	(159,582)	(28,867)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	271,099	240,294	(30,805)
Operating transfers out	(83,220)	(119,568)	(36,348)
Excess of revenues and other sources over (under) expenditures and other uses	57,164	(38,856)	\$ (96,020)
FUND BALANCE			
Beginning of year	41,610	41,610	
End of year	\$ 98,774	\$ 2,754	

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

St. Tammany Council on the Aging, Inc.
Covington, Louisiana
June 30, 2000

Note 1 - Summary of Significant Accounting Policies

a. Purpose of the Council on Aging:

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in St. Tammany Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the Parish and State; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the aging people.

Specific services provided by the Council to the elderly residents of St. Tammany Parish include providing meals, nutritional education, information and assistance, outreach, utility assistance, homemakers, recreation, telephoning, case management, material aid, medic alert units, wellness, legal assistance, operating senior centers, and transportation.

b. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The St. Tammany Council on the Aging, Inc. is a non-profit, quasi-public corporation, which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs and the State of Louisiana. Other entities that provide the Council with funds may impose additional compliance requirements.

Note 1 - Summary of Significant Accounting Policies - (continued)

b. Reporting Entity: - (continued)

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of St. Tammany Parish. Nominations to fill expiring terms of board members are made in August to the Council's Membership Committee which will consider and screen the nominations. The Membership Committee nominates who it believes to be the best qualified persons to the full board. Board members are elected at a regular board meeting in September by the members of the Council.

Based on the criteria set forth in Section 2100 of Governmental Accounting Standards Board's (GASB) *Codification of Government Accounting and Financial Reporting Standards*, The St. Tammany Council on the Aging, Inc. is not a component unit of another primary government nor does it have any component units which are related to it. Accordingly, the Council has presented its financial statements as a separate special-purpose government because (a) it has a separately elected governing body, (b) it is legally separate, and (c) it is fiscally independent of other state and local governments.

c. Presentation of Statements:

The accompanying financial statements conform to generally accepted accounting principles for state and local governments. These statements have also incorporated any applicable requirements set forth by *Audits of State and Local Governmental Units*, the industry audit guide issued by the American Institute of Certified Public Accountants; Subsection VIII - Annual Financial Reporting, accounting manual for Governor's Office of Elderly Affairs Contractors; and, the *Louisiana Governmental Audit Guide*.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting:

The Council uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

The accounts of the Council are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in these financial statements into two generic fund types and two broad fund categories (account groups).

Governmental funds are used to account for all or most of the Council's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of fixed assets, and the servicing of general long-term debt.

The governmental funds and the programs comprising them as presented in the financial statements are described as follows:

◆ General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

◆ General Fund - (continued)

The following programs comprise the Council's General Fund:

Local

Revenues, such as, (1) donations from the general public, (2) proceeds from a property tax assessment by St. Tammany Parish, and (3) interest income earned on idle funds which have been invested, have been recorded in the local program of the General Fund. Expenditures incurred which are not chargeable to specific programs because of budget limitations, or because of their nature, are recorded as local program expenditures.

Local funds are also transferred to other programs in cases where their expenditures exceed revenues. Capital outlay expenditures are usually paid for with local funds.

Senior Center Activities

The Council operates senior centers in Slidell, Lacombe, Covington, Mandeville, Folsom, and Pearl River. The participants at some of these centers solicit public support through activities to help offset the costs of their activities which are not paid for by GOEA's primary grant for senior centers. The types of activities used to raise these funds consist of craft sales, raffles, dances, recycling aluminum cans, and refreshment sales. The revenues and related expenditures for each center are maintained in separate accounts within the Council's general ledger.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

◆ General Fund - (continued)

Slidell Senior Center Building Fund

Over the years, the participants at the Slidell senior center have solicited donations from the general public and conducted activities to raise money for the specific purpose of building, furnishing, and providing some operating funds for their senior center facility. This money is different from that raised for activities because it can only be used for costs relating to the building. The net proceeds from this activity have been presented as a restricted asset on the Council's balance sheet with a corresponding reservation of the fund balance.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council may use these "Act 735" funds at its discretion provided their use benefits people who are at least 60 years old. In fiscal year 2000, the Council transferred its PCOA funds to Title IIIB to provide that program additional funds.

Van

The Van program is used to primarily account for the money which is donated through fund raising programs based on the premise that it will be used only to purchase new vehicles. The Council did not sponsor any major fund raising events this year. All remaining funds in this program were used this year to help pay for vehicle purchases.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

◆ Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes. Most of the Council's special revenue funds are provided by GOEA. The Title III funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

The following programs comprise the Council's Special Revenue Funds:

Title III B Supportive Services Fund

The Title III B Supportive Services Fund is used to account for funds which are to provide various supportive social services to the elderly. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

<u>Service</u>	<u>Units</u>
Case Management	105
Homemaker	1,933
Information and Assistance	1,414
Legal Assistance	163
Material Aid	27
Outreach	695
Recreation	2,797
Transportation	41,383
Utility Assistance	51

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

♦ Special Revenue Funds - (continued)

Title III B - Ombudsman Fund

The Title III B Ombudsman Fund is used to account for funds used to provide long-term care residents age 60 and older residing in long-term care facilities a representative to ensure that such residents' rights are upheld, to resolve complaints by residents with the management of the long-term care facility, and to promote quality care at the facility.

Title III C Area Agency Administration (AAA)
Fund

The Title III C Area Agency Administration Fund (AAA) is used to account for some of the administrative costs of operating the Special Programs for the Aging. These funds are used to help pay for some of the administrative costs associated with operating the Title III and Senior Center programs.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly at centers located in Slidell, Mandeville, Lacombe, Folsom and Pearl River. During the year the Council served approximately 46,500 meals to people eligible to participate in this program.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

◆ Special Revenue Funds - (continued)

Title III C-2 Fund

Title III C-2 Fund is used to account for funds which are used to provide nutritional meals to home-bound older persons. During the year the Council served approximately 40,600 meals to people eligible to participate in this program.

Title III D Fund

The Title III D Fund is used to account for funds which are used to provide in-home services to the frail and elderly person who is home-bound, including in-home supportive services for older individuals who are victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, and to the families of such victims. During the year, the Council used its Title III D funds to provide Medic Alert units to eligible participants. In total, 181 annual units of service were provided to an average of 15 participants per month in this program.

Title III F Fund

The Title III F Fund is used to account for funds used for disease prevention and health promotion activities. During the year, the Council provided 2,536 units of wellness service to eligible participants in this program.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

◆ Special Revenue Funds - (continued)

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides the primary funding for a community service center in Slidell, Louisiana, at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. Some of this year's Senior Center funds were transferred to help pay for the costs of providing Title IIIB supportive services to people who used the senior center.

U.S.D.A. Fund

The U.S.D.A. Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture to the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about 55 cents for each congregate and home-delivered meal served to an eligible participant so that United States food and commodities may be purchased to supplement these programs.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

♦ Special Revenue Funds - (continued)

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. St. Tammany Council on the Aging, Inc. was one of the parish councils to receive a supplemental grant of \$4,500. The Governor's Office of Elderly Affairs provided these funds to the Council. The Council used these funds to supplement Title III B Supportive Services programs this year.

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration of programs that are sponsored by local utility companies. The purpose of this program is to help the needy, elderly people of the parish pay utility bills. Louisiana Power and Light (LP&L), Louisiana Gas Services, and CLECO collect contributions from service customers and send the donations to the Louisiana Association of Councils on Aging (LACOA) which in turn remits funds relating to St. Tammany Parish to the Council. Washington St. Tammany Electric (WST) remits donations it collects directly to the Council.

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Fund Accounting: - (continued)

♦ Special Revenue Funds - (continued)

FTA Fund

The FTA Fund is used to account for the acquisition of vehicles purchased in part with federal funds under the elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. The Council had no activity in this fund for fiscal year 2000, but expects to receive two vans in fiscal year 2001 from DOTD under this program.

e. Account Groups:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following two account groups are not "funds".

General Fixed Assets

The fixed assets used in governmental fund type operations of St. Tammany Council on the Aging, Inc. are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as capital outlay expenditures in the government fund types when purchased.

Note 1 - Summary of Significant Accounting Policies - (continued)

e. Account Groups: - (continued)

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations. Principal and interest payments on long-term liabilities are accounted for in the General Fund because the Council intends to use unrestricted resources to pay them and no legal mandate exists to establish a debt service fund.

f. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds, including the General and Special Revenue Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Note 1 - Summary of Significant Accounting Policies - (continued)

g. Transfers and Interfund Loans:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

h. Budget Policy:

The Council follows these procedures in establishing the budgetary data which has been presented in Exhibits C and D of these financial statements.

- ◆ The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award.
- ◆ The Council may also obtain grants from agencies other than GOEA and the Council's management considers the potential revenues to be earned under those grants.
- ◆ Projections are made of property taxes, public support, program service fees, and other revenues based on past trends and data available to form expectations of future revenues.
- ◆ The Council's executive director prepares a proposed budget based on the funding levels provided by GOEA and other agencies, as well as the expected amounts of other revenues, and then submits the budget to the Board of Directors for approval.
- ◆ The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.

Note 1 - Summary of Significant Accounting Policies - (continued)

h. Budget Policy: - (continued)

- ◆ The adopted budget is forwarded to the Governor's Office of Elderly Affairs (GOEA) for final compliance approval for the funds that it will provide to the Council.
- ◆ Most budgetary appropriations, particularly those involving funds received from GOEA, lapse at the end of each fiscal year (June 30). Occasionally, the Council will receive a special project grant which may operate on a period different from the Council's normal fiscal year, and therefore, have a specified date where the budgetary appropriations will lapse.
- ◆ The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- ◆ Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. There was one amendment during the fiscal year which was approved May 18, 2000. The budget amendment was approved by the Council's board of directors and GOEA using a similar procedure as the approval of the original budget.
- ◆ Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- ◆ The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%. Otherwise, the excess costs could be labeled as unauthorized expenditures.

Note 1 - Summary of Significant Accounting Policies - (continued)

h. Budget Policy: - (continued)

- ◆ The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

i. Cash:

Cash is reported at carrying amount which equals its fair value.

j. Investments

Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as described in GASB Statement 31. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Investments which include securities traded on a national or international exchange are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value.

k. Prepaid Expenditures:

The Council has elected not to include amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of grant agreements. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

Note 1 - Summary of Significant Accounting Policies - (continued)

l. Fixed Assets:

Assets which cost at least \$250 and which have an estimated useful life of greater than 1 year are capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

m. Comparative Data:

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Council's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

n. Compensated Absences:

For governmental fund types, the Council's liability for accumulated unpaid vacation has been recorded in the general long-term debt group of accounts. The liability has been determined using the number of vested vacation hours for each employee multiplied by each employee's current wage rate as of June 30, 2000. An amount is added to this total for social security and medicare taxes.

Note 1 - Summary of Significant Accounting Policies - (continued)

n. Compensated Absences: - (continued)

Accrued vacation benefits will be paid from future years' resources and will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. The Council's sick leave policy does not provide for the vesting of sick leave where payment would have to be made to a terminated employee for any unused portion.

o. Related Party Transactions:

There were not any related party transactions during the fiscal year.

p. Restricted Assets:

Restricted assets represent assets which have been primarily acquired through donations whereby the donor has placed a restriction on how the donation can be used by the Council (i.e., Slidell building fund donations). Restricted assets are offset by a corresponding reservation of the Council's fund balance. Sometimes restricted assets are invested in certificates of deposit if management projects cash is not needed to meet immediate needs.

q. Reservation and Designations of Fund Balances:

The Council "reserves" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated allocations of fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's board of directors. There were not any designated fund balances as of June 30, 2000.

Note 1 - Summary of Significant Accounting Policies - (continued)

r. Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 2 - Revenue Recognition - Intergovernmental, Program Service Fees, Public Support, Fund Raisers, and Miscellaneous Revenues

Intergovernmental revenues and program service fees are recorded in governmental funds as revenues in the accounting period when they become susceptible to accrual, that is, measurable and available (modified accrual basis). The timing and amounts of the receipts of public support, fund raisers, and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

During fiscal year 2000 the Council began receiving funds from a one mill property tax which was adopted by the voters of St. Tammany Parish to provide money to finance the Council's operations. The property tax will be levied each year, beginning with calendar year 1999 and ending in calendar year 2008, by the St. Tammany Parish Assessor on November 15 based upon the assessed value on the previous January 1 of all real and business personal property located in St. Tammany Parish, Louisiana. The total assessed value of the certified roll was \$793,946,387. After applying homestead exemptions of \$321,842,771, the net assessed value upon which the Council's one mill property tax was assessed was \$472,103,616. Accordingly, the gross amount of property tax payable to the Council was approximately \$472,000.

Property taxes are due on November 15 and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The St. Tammany Parish Sheriff acts as the collection agent for property taxes.

Note 3 - Revenue Recognition - Property Tax - (continued)

As the taxes are collected they are forwarded to the Council on Aging by the Sheriff and are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year end because it considers those amounts to be measurable and available. Property tax collections during July and August, 2000, which were accrued this year, totaled \$19,454.

The property tax revenues reported in these financial statements do not include any amounts that are due and remain uncollected by the Sheriff. However, property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represent the Council's pro rata share of retirement plan contributions for other governmental units. See note 12.

Note 4 - Cash and Investments

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. The Council also maintains other checking accounts for specific purposes, such as, for making payroll disbursements and collecting meal contributions.

The combined carrying amount of the Council's cash, including \$600 of petty cash, and investments at June 30, 2000, was \$389,796, whereas the related bank balances totaled \$417,487. The primary difference in these amounts relates to checks written on demand deposit accounts which have not yet cleared the bank accounts. At June 30, 2000, \$200,000 of the bank balances were covered 100% by federal depository insurance and have been classified as a "Category 1" credit risk in accordance with GASB Statement 3. The remaining \$217,487 is uninsured but the banks have pledged securities to cover this amount. However, in accordance with GASB Statement 3, these funds have been classified as a "Category 3" credit risk because the pledged securities are held by agents of the banks and are not registered in the Council's name.

Note 4 - Cash and Investments - (continued)

State statutes authorize the Council to invest temporarily idle monies in the following:

1. United States Treasury Bonds,
2. United States Treasury Notes,
3. United States Treasury Bills,
4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds,
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana,
6. Fully collateralized repurchase agreements,
7. Fully collateralized interest-bearing checking accounts,
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies,
9. Any other investment allowed by state statute for local governments, and
10. Louisiana Asset Management Pool (LAMP).

The Council's primary purpose for investing is to earn interest income on money that has been determined to be in excess of immediate cash needs.

At year end, the Council's investments consisted of three certificates of deposit as follows:

<u>Bank</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
St. Tammany Homestead	\$75,000	7.00%	06-22-01
St. Tammany Homestead	75,000	7.00%	06-22-01
Hibernia National Bank	<u>8,700</u>	4.25%	04-10-01

Total investments \$158,700

Reserved for:

Slidell Sr. Center

Building Fund _(14,818)

Unreserved and undesignated
investments

\$143,882

=====

Note 5 - Government Grants and Contracts Receivable

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year end.

Government grants and contracts receivable at year end, consisted of the following:

<u>Program</u>	<u>Fund</u>	<u>Funding Agency</u>	<u>Amount</u>
U.S.D.A.	Special Revenue	GOEA	\$ 10,519
Title III B	Special Revenue	City of Slidell	<u>7,000</u>
Total government grants and contracts receivable			\$ 17,519 =====

Note 6 - Prepaid Expenditures and Vehicle Purchase Deposit

At year end, prepaid expenditures consisted primarily of prepaid dues and registration fees for the next fiscal year. The Council has also deposited \$6,662 as its share of matching funds towards the purchase of a van under an FTA contract. The van is expected to be delivered in the next fiscal year.

Note 7 - Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	<u>Balances</u> <u>07-01-99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>06-30-00</u>
Vehicles	\$286,454	\$ 52,811	\$ (50,517)	\$ 288,748
Office furniture and equipment	52,890	-	(6,012)	46,878
Computer equipment and software	34,409	3,560	(16,250)	21,719
Recreation equipment	6,422	-	-	6,422
Building improvements	11,076	-	-	11,076
Nutrition equipment	8,023	1,295	-	9,318
Health maintenance equipment	<u>1,077</u>	<u>-</u>	<u>-</u>	<u>1,077</u>
Total general fixed assets	\$400,351 =====	\$ 57,666 =====	\$ (72,779) =====	\$ 385,238 =====

Donated assets represent \$22,919 of the year end total.

Note 8 - Advance from Funding Agency

This account represents funds, received in excess of allowable expenditures, that are to be returned to the funding agency. The reason for the Council having to return this money is that it did not spend at least 5% of its original Title IIIB contract award amount for legal assistance as required by the grant. The amount to be returned to GOEA is as follows:

<u>Program</u>	<u>Fund</u>	<u>Agency</u>	<u>Amount</u>
Title IIIB	Special Revenue	GOEA	\$517
Total advance from funding agency			\$517
			=====

Note 9 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed in accordance with the State of Louisiana's travel reimbursement policy when attending meetings on behalf of the Council.

Note 10 - In-Kind Contributions

The Council received various in-kind contributions during the year. Senior center or meal site facilities were furnished in Mandeville, Pearl River, Folsom, and Covington to the Council without charge for rent. The Slidell Senior Center is furnished by the City of Slidell for an annual cost of \$1 per year for rent plus utility charges. The Lacombe facility is furnished by the St. Tammany Parish School Board for an annual cost of \$1 per year for rent. Property taxes and insurance are paid by the School Board. Utilities are furnished at the Mandeville site for free, while at Pearl River the Council is responsible for one half of the utility bill. Other in-kind contributions consisted of the time donated by volunteer workers to help with home delivered meals and to assist at senior centers and meal sites. The Council also received contributions of some small items of furniture and equipment, none of which were worth more than \$250 individually. These contributions, the value of which was not objectively compiled and determined, have not been reported as revenues or offsetting expenditures in these financial statements.

Note 10 - In-Kind Contributions - (continued)

In addition to the in-kind contributions mentioned in the preceding paragraph, the Council purchased a vehicle from Sunshine House for an amount well below its fair market value. The difference in the amount paid, \$5,850, and its fair market value was determined to be \$13,650 by DOTD. Accordingly, management has increased the cost of its vehicles in the general fixed asset account group by \$13,650 to reflect the in-kind value of the acquired vehicle. No amounts were recorded in the governmental fund types as a revenue or offsetting expenditure relating to this contribution.

Note 11 - Deferred Compensation Plan

The Council and its qualified employees participate in the Louisiana Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Great-West Life and Annuity Insurance Company. The Plan is available to all Council employees who have worked at least six months. Participation is not mandatory. The plan permits participating employees to defer up to the lesser of (1) 25% of their taxable compensation or (2) \$8,000 per calendar year. In addition, the Council will "match" any amount a participant defers up to 4% of the participant's salary. All amounts contributed to the plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During the fiscal year, \$5,265 was contributed to the plan via employee salary deferrals. Matching amounts contributed by the Council were \$4,758. The Plan does not meet the definition of a fiduciary fund, accordingly, no amounts have been reported by the Council in these financial statements.

Note 12 - On-Behalf Payments For Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees of St. Tammany Parish. This type of cost-sharing is normal in Louisiana. The Council's pro-rata share of the required contribution was \$13,913 which was withheld by the Sheriff from property tax collections to satisfy the Council's obligation. The amount withheld by the Sheriff has been included as an "intergovernmental" expenditure of the General Fund in these financial statements. As described in Note 3, the Council has also increased its property tax revenues by the same amount of the intergovernmental expenditure. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

Note 13 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 14 - Lease Commitments

The Council entered into a lease of the building that houses its main office at 328 East Boston Street, Covington, Louisiana on July 23, 1986. The terms of this lease require monthly payments of \$425 for twenty years. The Council is responsible for utilities, normal repairs and maintenance, and liability insurance. There is an escape clause that allows the Council to break the lease commitment should it lose its funding from the federal and state governments.

Note 14 - Lease Commitments - (continued)

On July 30, 1994, the Council entered into a 20 year lease with the City of Slidell whereby the Council will rent from the City for \$1.00 per year a building referred to as the Slidell Senior Citizens Center at 610 Cousin Street, Slidell, LA. The Council has the right to renew this lease for 10 additional years under the same terms and conditions. Either party may terminate the lease with 120 days written notice. The City will be responsible for any repair requiring labor and material of \$501 or more. The Council is responsible for normal operating costs, including water, telephone, utility, janitorial, and minor repair costs. The City will provide property and liability insurance.

On December 1, 1993, the Council entered into a one year lease with the St. Tammany Parish School Board whereby the Council will rent from the School Board for \$1.00 per year a building at 27561 St. Joseph Street in LaCombe, Louisiana. The Council uses this building as a meal site for the elderly. There is a provision in the lease that at the end of each year it will automatically renew itself for another term of one year at the same rental and under the same terms. The renewal provision will continue indefinitely except that either party may cancel the lease upon thirty days notice. The Council is responsible for all repairs and utilities, whereas the School Board will pay for property taxes and insurance.

On March 8, 1996, the Council entered into a five year lease with American Legion Post No. 16 to use a building located at 106 S. Jahncke Avenue, Covington, Louisiana, as a senior citizens center. The facility is commonly referred to as "Hadden Hall". Terms of the lease do not require the Council to pay any rent, however, the Council is responsible for paying all operational costs, including utilities, repairs, maintenance, and insurance coverage on the building, its contents, and against liability. The senior citizens who regularly use Hadden Hall hold dances and other fundraisers to raise money to pay for the costs of operating this facility.

Rent expenditures relating to the Council's use of the aforementioned buildings were \$5,526 for the fiscal year.

Note 15 - Judgements, Claims, and Similar Contingencies

There is no litigation pending against the Council as of June 30, 2000. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 16 - General Long-Term Debt

Long-term liabilities that will be financed from governmental funds are accounted for in the general long-term debt group of accounts. The following is a summary of changes in long-term debt.

	Balance 07-01-99	Net Additions (Deletions)	Balance 06-30-00
Note payable	\$ 4,570	\$ (4,570)	\$ -
Accumulated unpaid vacation	<u>7,284</u>	<u>516</u>	<u>7,800</u>
Total long-term debt	<u>\$11,854</u>	<u>\$(4,054)</u>	<u>\$ 7,800</u>

Note 17 - Economic Dependency

The Council receives the majority of its revenue from funds provided through grants administered by the Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 18 - Contingencies-Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 19 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 20 - Purchase Commitments

The Council entered into a contract with the Louisiana Department of Transportation and Development (DOTD) during fiscal year 1999 to purchase a new van through an FTA program. During fiscal year 2000, the Council paid \$6,662 which represented the required matching funds under the contract, however, the vehicle has not yet been delivered. It is expected to be delivered in fiscal year 2001.

Note 20 - Purchase Commitments - (continued)

During this fiscal year, the Council entered into another purchase agreement with DOTD to buy a van through an FTA program. Although a formal contract has not yet been signed as of June 30, 2000, a formal commitment has been made. As a part of this commitment, the Council is responsible for matching 20% of the purchase price of the van. The Council has not yet remitted the required matching funds (\$7,000) but has had St. Tammany Homestead issue an irrevocable letter of credit in favor of DOTD for \$7,000. The van is expected to be delivered in fiscal year 2001 or fiscal year 2002.

Note 21 - Interfund Transfers

Operating transfers in and out are listed by fund for 2000:

	<u>Transfers To</u>						<u>Totals</u>
	<u>Title</u> <u>III B</u> <u>Ombudsman</u>	<u>Title</u> <u>III B</u> <u>Services</u>	<u>Title</u> <u>III C1</u>	<u>Title</u> <u>III C2</u>	<u>Title</u> <u>III D</u>	<u>Title</u> <u>III F</u>	
<u>Transfers From</u>							
General Fund:							
PCOA	\$ -	\$ 31,649	\$ -	\$ -	\$ -	\$ -	\$ 31,649
Local	<u>6,477</u>	<u>67,457</u>	<u>-</u>	<u>12,969</u>	<u>680</u>	<u>1,494</u>	<u>89,077</u>
Total General Fund	<u>6,477</u>	<u>99,106</u>	<u>-</u>	<u>12,969</u>	<u>680</u>	<u>1,494</u>	<u>120,726</u>
Special Revenue Funds:							
Supplemental							
Senior Center	-	4,500	-	-	-	-	4,500
USDA	-	-	39,250	47,588	-	-	86,838
Senior Center	<u>-</u>	<u>28,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,230</u>
Total Special Revenue Fund	<u>-</u>	<u>32,730</u>	<u>39,250</u>	<u>47,588</u>	<u>-</u>	<u>-</u>	<u>119,568</u>
Total Transfers	<u>\$ 6,477</u>	<u>\$131,836</u>	<u>\$ 39,250</u>	<u>\$60,557</u>	<u>\$ 680</u>	<u>\$ 1,494</u>	<u>\$240,294</u>
	=====	=====	=====	=====	=====	=====	=====

Note 22 - Interfund Receivable and Payables

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grants. Such advances create short-term interfund receivables and payables. A summary of the interfund receivables and payables at year end is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$18,644	\$ -
Special Revenue Funds:		
Title III B	-	8,125
USDA	<u>-</u>	<u>10,519</u>
 Total	 \$18,644 <u>=====</u>	 \$18,644 <u>=====</u>

SUPPLEMENTARY FINANCIAL INFORMATION

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

SCHEDULE OF PROGRAM REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

For the year ended June 30, 2000

	Programs of the General Fund					
	Local	Senior Center Activities	Slidell Senior Center Building Fund	PCOA	Van	Totals
REVENUES						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 0	\$ 0	\$ 0	\$ 31,649	\$ 0	\$ 31,649
State Revenue Sharing	19,292	0	0	0	0	19,292
Property Taxes	461,630	0	0	0	0	461,630
Public Support:						
Unrestricted Donations	4,677	3,304	0	0	0	7,981
Fundraisers:						
Dances	0	7,448	0	0	0	7,448
Raffles	0	891	0	0	0	891
Recycling Income	0	442	0	0	0	442
Refreshment Sales	0	1,428	0	0	0	1,428
Craft Sales	46	35	0	0	0	81
Interest Income	3,853	0	1,244	0	0	5,097
Miscellaneous:						
Refund of Payroll Taxes	459	0	0	0	0	459
Facility Rental	0	125	0	0	0	125
Total revenues	489,957	13,673	1,244	31,649	0	536,523
EXPENDITURES						
Current:						
Operating Services	590	6,521	2,173	0	0	9,284
Operating Supplies	7,201	1,992	350	0	0	9,543
Other Costs	2,243	233	0	0	0	2,476
Full Service Contracts	0	4,576	0	0	0	4,576
Capital Outlay	26,196	0	1,557	0	15,747	43,500
Intergovernmental	13,913	0	0	0	0	13,913
Debt Service:						
Interest Expense	564	0	0	0	0	564
Principal Payments	4,570	0	0	0	0	4,570
Total expenditures	55,277	13,322	4,080	0	15,747	88,426
Excess of revenues over (under) expenditures	434,680	351	(2,836)	31,649	(15,747)	448,097
OTHER FINANCING SOURCES (USES)						
Operating transfers out	(89,077)	0	0	(31,649)	0	(120,726)
Proceeds from sale of vans	2,425	0	0	0	625	3,050
Excess of revenues and other sources over (under) expenditures and other uses	348,028	351	(2,836)	0	(15,122)	330,421
FUND BALANCES						
Beginning of year	27,709	3,019	17,654	0	15,122	63,504
End of year	\$ 375,737	\$ 3,370	\$ 14,818	\$ 0	\$ 0	\$ 393,925

ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS

For the year ended June 30, 2000

	Title III B			Title III C					Totals				
	Ombudsman	Supportive Services	Agency Admin.	C-1	C-2	Title III D	Title III F	Senior Center	U.S.D.A.	Audit	Suppl. Sr. Center	Utility Assistance	
REVENUES													
Intergovernmental:													
GOEA	\$ 13,604	\$ 149,960	\$ 33,835	\$ 89,015	\$ 108,879	\$ 3,766	\$ 5,988	\$ 77,578	\$ 47,532	\$ 3,013	\$ 4,500	\$ 0	
City of Slidell	0	21,000	0	0	0	0	0	0	0	0	0	0	
Public Support - Restricted:													
L.P. & L. (via LACOA)	0	0	0	0	0	0	0	0	0	0	0	144	
CLECO (via LACOA)	0	0	0	0	0	0	0	0	0	0	0	5,383	
WST Electric	0	0	0	0	0	0	0	0	0	0	0	786	
Client Contributions	0	1,833	0	11,959	9,335	0	0	0	0	0	0	0	
Program Service Fees:													
Medic Alert Rentals	0	0	0	0	0	954	0	0	0	0	0	0	
Medicaid Services	0	339	0	0	0	0	0	0	0	0	0	0	
Transportation	0	3,353	0	0	0	0	0	0	0	0	0	0	
Total revenues	13,604	176,485	33,835	100,974	118,214	4,720	5,988	77,578	47,532	3,013	4,500	6,313	
									</				

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

**SCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS ACTUAL - CONTRACTS AND GRANTS PROVIDED
THROUGH THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA)**

For the year ended June 30, 2000

	Budget	Actual	Variance- Favorable (Unfavorable)
PCOA - Act 735			
Transfers out to Title III B - Supportive Services	\$ 31,649	\$ 31,649	\$ 0
Total	\$ 31,649	\$ 31,649	\$ 0
 TITLE III B - OMBUDSMAN			
Personnel	\$ 13,439	\$ 14,144	\$ (705)
Fringe	1,343	1,398	(55)
Travel	2,569	1,989	580
Operating Services	1,150	1,619	(469) *
Operating Supplies	103	206	(103) *
Other Costs	301	725	(424) *
Capital Outlay	45	0	45
Totals	\$ 18,950	\$ 20,081	\$ (1,131)
 TITLE III B - SUPPORTIVE SERVICES			
Personnel	\$ 125,652	\$ 141,523	\$ (15,871) *
Fringe	12,560	15,693	(3,133) *
Travel	3,832	4,049	(217)
Operating Services	74,270	83,211	(8,941) *
Operating Supplies	25,233	32,275	(7,042) *
Other Costs	4,337	5,760	(1,423) *
Full Service Contracts:			
Homemaker services - Interim Healthcare	21,000	21,203	(203)
Legal services - SE Louisiana Legal Services	5,125	4,607	518
Capital Outlay	649	0	649
Totals	\$ 272,658	\$ 308,321	\$ (35,663)
 TITLE III C - AREA AGENCY ADMINISTRATION			
Personnel	\$ 13,853	\$ 17,033	\$ (3,180) **
Fringe	1,374	1,681	(307) **
Travel	1,781	1,302	479
Operating Services	12,139	10,212	1,927
Operating Supplies	1,089	1,615	(526) **
Other Costs	3,182	1,476	1,706
Capital Outlay	476	516	(40) **
Totals	\$ 33,894	\$ 33,835	\$ 59

* The unfavorable variance for this line item is greater than 10% of the budgeted amount. Transfers from the General Fund were equal to or greater than the amount of the budget violation.

** The unfavorable variance for this line item is greater than 10% of the budgeted amount. Variances resulted because the formula for allocating the indirect costs was not updated when the budget was amended.

ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANASCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS ACTUAL - CONTRACTS AND GRANTS PROVIDED
THROUGH THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA)

For the year ended June 30, 2000

	Budget	Actual	Variance- Favorable (Unfavorable)
TITLE III C-1			
Personnel	\$ 35,358	\$ 29,209	\$ 6,149
Fringe	3,528	2,991	537
Travel	4,446	2,926	1,520
Operating Services	14,000	8,109	5,891
Operating Supplies	2,448	1,951	497
Other Costs	2,445	972	1,473
Meals:			
Raw food	47,673	49,206	(1,533)
Labor and non-edibles	43,463	44,860	(1,397)
Capital Outlay	366	0	366
Totals	<u>\$ 153,727</u>	<u>\$ 140,224</u>	<u>\$ 13,503</u>
TITLE III C-2			
Personnel	\$ 63,355	\$ 60,608	\$ 2,747
Fringe	6,329	6,274	55
Travel	14,568	13,141	1,427
Operating Services	17,780	11,360	6,420
Operating Supplies	2,879	2,434	445
Other Costs	2,908	1,797	1,111
Meals:			
Raw food	39,005	43,499	(4,494)
Labor and non-edibles	35,561	39,658	(4,097)
Capital Outlay	435	0	435
Totals	<u>\$ 182,820</u>	<u>\$ 178,771</u>	<u>\$ 4,049</u>
TITLE III D			
Personnel	\$ 1,539	\$ 1,730	\$ (191) *
Fringe	154	201	(47) *
Travel	79	77	2
Operating Services	2,751	3,234	(483) *
Operating Supplies	25	56	(31) *
Other Costs	74	102	(28) *
Capital Outlay	11	0	11
Totals	<u>\$ 4,633</u>	<u>\$ 5,400</u>	<u>\$ (767)</u>

* The unfavorable variance for this line item is greater than 10% of the budgeted amount. Transfers from the General Fund were equal to or greater than the amount of the budget violation.

ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANASCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS ACTUAL - CONTRACTS AND GRANTS PROVIDED
THROUGH THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA)

For the year ended June 30, 2000

	Budget	Actual	Variance- Favorable (Unfavorable)
TITLE III			
Personnel	\$ 4,824	\$ 5,340	\$ (516)
Fringe	483	630	(147)
Travel	531	579	(48)
Operating Services	615	724	(109)
Operating Supplies	36	74	(38)
Other Costs	105	135	(30)
Capital Outlay	16	0	16
Totals	\$ 6,610	\$ 7,482	\$ (872)
SENIOR CENTER - SLIDELL			
Personnel	\$ 30,873	\$ 30,307	\$ 566
Fringe	3,086	3,906	(820) **
Travel	1,944	1,184	760
Operating Services	3,983	10,428	(6,445) **
Operating Supplies	2,187	2,598	(411) **
Other Costs	682	925	(243) **
Capital Outlay	102	0	102
Transfers out to Title III B	34,720	28,230	6,490
Totals	\$ 77,577	\$ 77,578	\$ (1)
U. S. D. A.			
Transfer out to Title III C-1	\$ 44,000	\$ 39,250	\$ 4,750
Transfer out to Title III C-2	0	47,588	(47,588)
Totals	\$ 44,000	\$ 86,838	\$ (42,838)
AUDIT			
Operating Services	\$ 3,013	\$ 0	\$ 3,013 *
Other Costs	0	3,013	(3,013) *
Totals	\$ 3,013	\$ 3,013	\$ 0
SUPPLEMENTAL SENIOR CENTER			
Transfers out to Title III B	\$ 4,500	\$ 4,500	\$ 0
Totals	\$ 4,500	\$ 4,500	\$ 0

* The unfavorable variance results from an error in how the cost was budgeted and how it was classified on the books when it was incurred. The budgeted total was not overspent.

** The unfavorable variance for this line item is greater than 10% of the budgeted amount.

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

**SCHEDULE OF PRIORITY SERVICES
TITLE III, PART B - CONTRACT FOR SUPPORTIVE SERVICES**

For the year ended June 30, 2000

		Percent of OEA Contract
Access (30%):		
Assisted Transportation	\$ 0	
Case Management	1,506	
Transportation	227,628	
Information & assistance	3,361	
Outreach	1,139	
Total access expenses	233,634	229.17%
In-Home (15%):		
Homemaker	27,103	
Chore (Home Repair)	96	
Telephoning	0	
Visiting	0	
Adult daycare/health	0	
Personal Care	0	
Total in-home expenses	27,199	26.68%
Legal (5%):		
Legal Assistance	4,607	4.52%
Non-priority services	42,882	
Total Title III B - Supportive Services Expenditures	308,322	
Less: Participant contributions	(1,833)	
Other public support	(92,150)	
Transfers in	(64,379)	
Title III B - Supportive Services Contract	149,960	
Less: Transfers of contract allotments	0	
State homemaker	(27,574)	
State transportation	(20,436)	
Original contract award net of additional state homemaker and transportation funds and transfers of contract allotments	\$ 101,950	

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND
CHANGES IN GENERAL FIXED ASSETS**

For the year ended June 30, 2000

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
General fixed assets:				
Vehicles	\$ 286,454	\$ 52,811	\$ (50,517)	\$ 288,748
Office furniture and equipment	52,890	0	(6,012)	46,878
Computer equipment and software	34,409	3,560	(16,250)	21,719
Recreation equipment	6,422	0	0	6,422
Building improvements	11,076	0	0	11,076
Nutrition equipment	8,023	1,295	0	9,318
Health maintenance equipment	1,077	0	0	1,077
Total general fixed assets	\$ 400,351	\$ 57,666	\$ (72,779)	\$ 385,238
 Investment in general fixed assets:				
Property acquired with funds from -				
FTA	\$ 215,159	\$ 0	\$ (39,138)	\$ 176,021
Van fund raisers	71,295	15,747	(11,379)	75,663
State allocation funds (Act 735)	23,047	0	(10,489)	12,558
General funds and local donations	21,289	28,269	(4,017)	45,541
Title III B	638	0	0	638
Title III C-1	5,520	0	(1,350)	4,170
Title III D	828	0	0	828
Title III F	1,077	0	0	1,077
Title III G	299	0	0	299
Supplemental Senior Center	11,726	0	(1,295)	10,431
Local Funds - Covington - Hadden Hall	12,676	0	0	12,676
Local Funds - Mandeville - Meal Site	585	0	0	585
Local Funds - LaCombe - Meal Site	411	0	0	411
Slidell Senior Center Building Fund	16,167	0	0	16,167
Title XX	447	0	(447)	0
State Senior Center	5,254	0	0	5,254
In-kind donations	13,933	13,650	(4,664)	22,919
Total investments in general fixed assets	\$ 400,351	\$ 57,666	\$ (72,779)	\$ 385,238

Footnote: During the Fiscal Year 2000 Audit, several assets were reclassified to a more appropriate account. Therefore, the beginning balances shown on this schedule may not coincide with the ending balances on last year's report.

**ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2000

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
U.S. Department of Health and Human Services - Administration on Aging					
Passed through the Governor's Office of Elderly Affairs:					
Special Programs for the Aging - Cluster:					
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	06/30/00	\$ 87,096	\$ 86,657	\$ 86,657
Title III, Part B - Ombudsman	93.044	06/30/00	9,756	9,756	9,756
Subtotal CFDA #93.044			96,852	96,413	96,413
 Title III, Part C - Area Agency Administration	93.045	06/30/00	25,376	25,376	25,376
Title III, Part C-1 - Nutrition Services - Congregate Meals	93.045	06/30/00	87,273	87,273	87,273
Title III, Part C-2 - Nutrition Services - Home Delivered Meals	93.045	06/30/00	45,726	45,726	45,726
Subtotal CFDA #93.045			158,375	158,375	158,375
 Title III, Part D - In-Home Services for Frail Older Individuals	93.046	06/30/00	3,201	3,201	3,201
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	06/30/00	5,090	5,090	5,090
Totals for U.S. Department of Health and Human Services - Administration on Aging			263,518	263,079	263,079
 U.S. Department of Agriculture					
Passed through the Governor's Office of Elderly Affairs:					
Nutrition Program for the Elderly					
Fy 00 grant	10.570	06/30/00	47,532	47,532	47,532
Fy 99 grant (1)	10.570	06/30/99	48,300	0	37,306
Fy 98 grant (2)	10.570	06/30/98	48,300	0	2,000
Subtotal CFDA #10.570			144,132	47,532	86,838
Totals for U.S. Department of Agriculture			144,132	47,532	86,838

The accompanying notes are an integral part of this schedule.

Note 1- \$37,306 was carried over from last year and consumed this year.

Note 2- \$2,000 was carried over from Fy98 and consumed this year.

(Schedule 6 Continued on Next Page)

ST. TAMMANY COUNCIL ON THE AGING, INC.
COVINGTON, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2000

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
U.S. Department of Transportation Passed through the Louisiana Department of Transportation and Development:					
FTA - Section 5310 - Elderly and persons with disabilities transportation capital assistance program (Federal project #LA-16-0026) (State project #736-99-0730)	20.513	N/A	\$ 26,649	\$ 0	\$ 0
FTA - Section 5310 - Elderly and persons with disabilities transportation capital assistance program (Federal project #LA-16-0027) (State project #736-99-0858)	20.513	N/A	28,000	0	0
Totals for U.S. Department of Transportation			54,649	0	0
Total federal grants			\$ 462,299	\$ 310,611	\$ 349,917

The accompanying notes are an integral part of this schedule.

Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Tammany Council on the Aging, Inc. and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the general-purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the general-purpose financial statements.

Note B - The St. Tammany Council on the Aging, Inc. did not pass-through any of its federal awards to a subrecipient during the year.

Note C - No federal awards were expended in the form of non-cash assistance during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Tammany Council on the Aging, Inc.
Covington, Louisiana

For the year ended June 30, 2000

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the St. Tammany Council on the Aging, Inc.
2. One reportable condition was disclosed during the audit of the general purpose financial statements and has been reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards". The reportable condition was not considered to be a material weakness.
3. No instances of noncompliance material to the general purpose financial statements of the St. Tammany Council on the Aging, Inc. were disclosed during the audit.
4. *One reportable condition disclosed during the audit of the major federal award programs was reported in the "Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133". The reportable condition was not considered to be a material weakness.*
5. The auditor's report on compliance for the major federal award programs for the St. Tammany Council on the Aging, Inc. expresses an unqualified opinion.
6. There is one audit finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133. This finding has been discussed in summary form in Part C of this schedule. The details of this finding are presented in Part B of this schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)

A. SUMMARY OF AUDITOR'S RESULTS - (continued)

7. The programs tested as major programs are as follows:

U.S. Department of Health and Human Services -
Administration on Aging:

Special Programs for the Aging - Cluster:

- ◆ Title III, Part B - Grants for Supportive Services and Senior Centers; CFDA #93.044, and,
- ◆ Title III, Part C - Nutrition Services; CFDA #93.045

8. The threshold for distinguishing Types A and B programs was \$300,000.

9. St. Tammany Council on the Aging, Inc. was determined not to be a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

Reportable Condition:

#00-1: Prior Year's Reportable Condition Not Fully Corrected This Year

Application: This finding relates to all Council programs, including those which have been tested as major federal award programs.

Condition: Errors in bookkeeping design and application have been repeatedly reported in prior year audits. Several of the deficiencies were corrected during the fiscal year but some were not remedied until the latter part of fiscal year 2000 or the beginning of fiscal year 2001.

Criteria: Internal controls should be in place to detect errors and procedures should be performed as prescribed. In cases where deficiencies are noted and reported by the auditor, it is management's responsibility to follow up and take prompt, corrective action to remedy the deficiencies.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)

B. FINANCIAL STATEMENT FINDINGS - (continued)

Effects: Many revenue and expenditure transactions were improperly recorded during the year and not corrected until year end. Accordingly, management's interim financial information contained errors which may have impacted the budget amendment process and operational decisions made using that data. Also, the monthly reports sent to GOEA probably contained errors.

Cause: The Council again experienced turnover at the bookkeeper position during the year. Turnover has adversely impacted the Council's ability to develop a trained bookkeeper and attain a level of competency to fully remedy the bookkeeping problems I have been reporting.

Perspective: Bookkeeping for COA type entities is complex for people who are not accustomed to it. It takes training and consistent oversight to develop a competent bookkeeper. The bookkeeper has to be attentive and conscientious about the job. The Council has had a difficult time filling this position with the right person. It is also difficult for the director to attend to his responsibilities and substitute as the bookkeeper during times of turnover. Accordingly, errors will be made and not timely detected and corrected. In May, the Council hired a new bookkeeper. In July, during the year end closing of the books, I helped the new bookkeeper detect and correct the errors of the previous bookkeeper and "substitute" bookkeepers. I also took time to begin a training process and followed up on the training during the audit.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)

B. FINANCIAL STATEMENT FINDINGS - (continued)

I believe the Council has a competent person for its bookkeeper and the accounting software's design has been streamlined to make it easier for her to use. Based on my observation, future errors in bookkeeping should be much less than what has occurred in the past provided that, turnover does not occur and, management promptly implements my recommendations.

Questioned
Costs:

Adjustments made during the year end process, plus those made as part of the audit, corrected what might have resulted in material misstatements and questioned costs. As a result, no significant questioned costs were noted that affected major federal award programs or the general purpose financial statements.

Recommendation:

The most important thing management can do to remedy deficiencies of the past is to take prompt action to correct errors when they are discovered. The responsibility for doing this rests with the Council's director and Finance Committee.

I have provided management information in this year's management letter and through oral discussions during the audit about the types of bookkeeping errors that seem to repeat themselves and I've recommended how to correct them. However, without follow-up to confirm corrective action, similar errors may occur.

Council's
response:

The Council's management acknowledges and agrees with the description of this finding and intends to correct it during fiscal year 2001 using my recommendations. See management's corrective action plan later in this report.

C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

Finding 00-1 noted in section B here above is also a reportable condition in internal control over the Council's major federal award programs because the same internal control system is used for all Council activities. There were no significant questioned costs discovered by me that require reporting in this section. There were no other findings that need to be reported in this section. The major federal programs that are affected by this finding are identified in item 7 of Section A. The description of the condition, criteria, effect, cause, perspective, questioned costs, recommendation, and Council's response are the same as described in Section B.

D. MANAGEMENT LETTER

A management letter, containing additional comments and recommendations, was issued by the auditor for this year's audit. It has been included later in this reporting package.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

St. Tammany Council on the Aging, Inc.
Covington, Louisiana

June 30, 2000

REPORTABLE CONDITION IN INTERNAL CONTROL

Finding #99-1: Certain Costs Are Being Allocated Using Inappropriate Methods

Application: This finding related to the Special Programs for the Aging which were tested as major federal award programs.

Condition: The auditor reported that certain direct costs (i.e., payroll and vehicle operation) were being allocated using budgeted percentages and not based on actual events. Workman's compensation premiums were allocated indirectly rather than being based on actual payroll allocations. FICA expense was not allocated in proportion to the wage allocations. The incorrect allocation of direct program costs produced errors in the allocation of indirect costs amongst related programs. A similar reportable condition was noted in previous audits.

Recommendation: The auditor recommended that the new bookkeeper be trained in how to use the Quickbooks software and how to better account for certain types of transactions. The auditor also specifically recommended the Council's director (1) verify that costs are being allocated properly each month and not wait until year end to correct errors that have accumulated throughout the year, (2) implement procedures to document direct costs as they are incurred for employees who perform services for multiple programs, and (3) verify that the allocation of vehicle costs between Title IIIB and Title IIIC-2 transportation are based on actual vehicle usage and not on budgeted or estimated percentages.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - (continued)

Current Status: Progress was made this year to correct prior deficiencies however, some of them were not corrected until late in the fiscal year or at the start of fiscal year 2001. The bookkeeper was provided training, however, she quit the Council unexpectedly for personal reasons during the period when corrective action was being attempted. This was a setback to management's ability to fully remedy the auditor's findings.

During the year, the director became more involved in reviewing the books and prepared the indirect cost allocation worksheet each month. This was an improvement over the previous year.

Payroll costs were allocated to programs based on a time study made of each employee's usual daily tasks rather than have each employee track his time in detail every day. This method was considered more efficient and reasonable by management due to the repetitive nature of the tasks employees do each day.

Actual costs of operating vehicles were allocated based on historical trends rather than actual occurrences. This matter was not corrected as the auditor suggested last year but has been remedied for fiscal year 2001 by redesigning the chart of accounts.

Management wants to point out that a bookkeeper was hired in May to replace the one that quit. This bookkeeper is more familiar than the previous one with the Council's accounting software and basic accounting principles. The Council's auditor has already met with the new bookkeeper to provide training and explanations about how to prevent deficiencies of the past from recurring.

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

August 23, 2000

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

I have audited the general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of and for the year ended June 30, 2000, and have issued my report thereon dated August 23, 2000. I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133.

As part of my examination, I have issued my report on the financial statements, dated August 23, 2000, and my report on internal control and compliance with laws, regulations, contracts, and grants, dated August 23, 2000.

In planning and performing my audit of the general purpose financial statements of the St. Tammany Council on the Aging, Inc. for the year ended June 30, 2000, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the Council's internal control and its operation along with certain instances of noncompliance that I consider important enough to report to you. I do not feel that the instances involving noncompliance or weaknesses in the Council's internal control are individually significant or material to the financial statements, however, they are important for management to evaluate and take corrective action.

My consideration of the Council's internal control would not necessarily disclose all matters in internal control that might be a reportable condition to management and, accordingly, would not necessarily disclose conditions that are also material weaknesses. In addition, my tests of compliance would not necessarily disclose all instances of noncompliance that may have occurred during the year.

Before I start discussing findings and recommendations, I want to point out that the Council has taken two important steps towards improving its bookkeeping. First, it switched its accounting software to Quickbooks for fiscal year 2000. Second, it hired a competent bookkeeper in May after having gone through multiple bookkeepers the past two years. I recommend that the Council's management build upon this foundation and seize the opportunity to focus on eliminating remaining weaknesses in its internal control during fiscal year 2001.

The following items represent weaknesses in the Council's internal control and instances of noncompliance that I detected through my audit tests. I have briefly described the matter and what I would do to correct the weakness or noncompliance.

INTERNAL CONTROL WEAKNESSES

IC-1 Opportunities Exist Where Errors Could Occur and Not be Detected

The Council has only one bookkeeper and she performs multiple functions in the accounting process. Although the director is aware of the need for separation of duties in the accounting process and has taken steps to involve other people in various phases of the accounting process, there remains opportunities where errors could occur and not be detected.

- ◆ The bookkeeper could make journal entries without telling the director why an entry is being made and transactions could be changed by the bookkeeper in the system after they have been initially processed without the director knowing it.

The risk of this occurring could be reduced if the "audit trail" feature is used in Quickbooks. Currently this feature is turned "off". By turning off this feature, you allow the bookkeeper more flexibility in correcting errors that are made in classifying transactions. I can accept the reason and risks associated with this flexibility as long as the director reviews the general ledger monthly and, while doing so, keeps in mind the fact that the bookkeeper could have changed information without telling him.

- ◆ Presently, the Council uses a local CPA to reconcile the monthly bank statement. This is a good control because it separates accounting duties. However, I do not think the person doing the reconciliation has been comparing the information on the actual canceled checks to what has been recorded in the general ledger. Further, this person should look at the check signatures to verify that the checks are being signed by authorized check signers.

Section 9.03 of the Council's by-laws require each check to be signed by the director and a designated member of the board of directors. There were occasions noted by me during the audit where two board members had signed checks and the director had not. The person doing the bank reconciliation should be reminded to do these steps to improve controls in the reconciliation process. I also recommend that a printout of the reconciliation be kept on file and the person doing the reconciliation initial the document to verify all procedures were performed as intended.

I also want to point out that the director will, on occasion, allow the Council's assistant director to use a rubber stamp containing his signature to sign checks. Based on my experience, using a rubber stamp to sign checks is not a recommended procedure.

- ◆ Occasionally the bookkeeper will prepare the log of cash/checks received daily at the Council's main office. When this occurs, there exists a lack of segregation of duties in the cash receipts process because the bookkeeper also records the cash received in the general ledger and makes out the deposit slip. I recommend that someone other than the bookkeeper (1) prepare the cash receipts log and (2) compare the log's information to the amount on the deposit slip to verify all funds received were deposited. Additionally, I recommend deposits be made daily and not weekly.
- ◆ The Council's credit card was used a lot during the year to purchase goods and services. There were also times when the balance was not paid in full and interest charges were incurred. I recommend infrequent credit card use and that the entire balance be paid monthly to eliminate interest charges. I also noted instances where the charges on the credit card were not documented or supported by invoices. I recommend that no credit card charge be paid without supporting documentation.

IC-2 Numerous Classification Errors in Bookkeeping Were Noted That Required Many Year End Adjustments

The Council has a history of improperly classifying or recording certain types of revenues and expenditures. Fiscal year 2000 was no different until Lee Keretz was hired as the bookkeeper in May. If Quickbooks is used as a review tool by the bookkeeper and the director, and if certain procedures are added to the current process, the volume of classification errors can be reduced to an acceptable level.

- ◆ Presently, the Council lacks a step in the accounting process that will allow check signers an opportunity to discern whether the bill that is being paid was coded to an appropriate program (class) and expenditure category. Accordingly, the decision as to how to classify and record the transaction is essentially left up to the person who initiated the expenditure (the executive director, a program director, or the bookkeeper). In practice this might seem acceptable, particularly if the person has been employed for a length of time sufficient for him or her to know how to record transactions based on previous transactions. However, the decisions are management's ultimate responsibility so it needs to make sure that there is a procedure that will allow it to be accountable for this responsibility.

Here are some procedures that can reduce classification errors and strengthen controls over the expenditure and disbursement process:

1. When a batch of checks is processed to pay bills, the bookkeeper should provide the check signers all documents supporting the checks and a printout illustrating how the bill was recorded in the general ledger.
2. The check signers should not sign any check for which documents are not provided. In fact, the bookkeeper should never process a check if documentation does not exist. There were a few instances noted during the audit where supporting documentation was missing.
3. The check signers should review the account classification printout simultaneous with the review of the documentation supporting the check to decide if the classifications were logical.
4. The check signers should initial the printout accompanying the batch of checks and the printout should be filed to document the process occurred.
5. Both check signers should be in the presence of one another during the process. This can provide for meaningful discussion about the expenditures. The director should know all the details about the transaction and can inform the board member who is countersigning the check about matters for which the board member has no knowledge. This will add substance to the reason a second check signer is involved in the process. In most cases, the second check signer is merely a formality because he doesn't have the ability to know all the facts and circumstances surrounding the daily operations of the

Council. Nor does he have the knowledge about the federal and state compliance restrictions related to spending certain funds.

- ◆ Classification errors were also noted relating to non-governmental revenues. The Council receives funds from the general public for a variety of reasons but deciding how and where to classify these revenues has resulted in classification errors. The bookkeeper was left alone to make these decisions without timely review by management.

To minimize these errors, I recommend the director review the details of the revenue accounts in the general ledger at least monthly. It will be important that the bookkeeper use the "memo" area provided by Quickbooks to fully describe the nature of the revenue so the director will not have to look up every transaction. If the bookkeeper is unsure about how to classify a transaction, she should ask the director and/or call the CPA for a suggestion.

- ◆ Vehicle costs are being allocated to Title IIIB and to Title C-2 using percentages based on management's estimate. Usage records by vehicle are available to determine if the percentages are reasonable but the usage records are not being compared periodically to management's estimate to verify the reasonableness of the cost allocations. Based on FY2000's usage records, vehicle costs should have been allocated differently to Title IIIB and Title IIIC-2. According to my analysis, I believe Title IIIB was allocated about \$9,550 too much of direct vehicle costs and Title IIIC-2 was undercharged by the same amount.

I have recommended the Council expand the chart of accounts to provide accounts whereby the costs of each vehicle's insurance, gas, and repairs is recorded. Allocations of the monthly cost of each vehicle can be made by referring to actual mileage and usage logs kept by the drivers for each vehicle. This will eliminate the need to use estimates, reflect more accurate amounts on the Council's books, and reduce the risk of error.

- ◆ The Council is not having employees who work in multiple programs record the actual hours they worked in the various programs on their current time sheets. Instead, employees are instructed to code their time based on pre-established percentages which are based on time studies that have been previously conducted. This is not the best way to do determine payroll costs by program, although I consider it reasonable provided time studies are done at periodic intervals by management, the studies are documented, and allocations are changed based on

updated time studies. Management should confirm with GOEA if it will accept the Council's current method of tracking time and allocating payroll costs.

- ♦ The Council has been allocating workman's compensation 100% to the indirect pool. Instead of using this method, the Council should obtain the rates used for the various classes of workers and make a schedule to spread the cost specifically to programs. However, management could use the indirect pool as a "temporary" spot to initially allocate these costs so long as the costs are periodically reallocated to the accounts based on the actual rates and salary data.

IC-3 A Physical Inventory Needs To Be Taken Of the Council's Fixed Assets

The Council has not taken a complete physical inventory of its fixed assets in over two years. This is required by federal and state law. I performed spot checks to verify the existence of some of the fixed assets and noted that some have not been tagged and some have been relocated but the records have not been updated to reflect the relocation.

I recommend the Council take a complete inventory of its fixed assets and update its records. Tags need to be prepared and attached to all assets listed on the inventory. When taking the inventory, management should decide if an asset is still being used in the Council's operations. It is quite possible that several items should be deleted from the list due to obsolescence or that they are of no future use. Deletions should be reported to and approved by the board.

IC-4 GOEA's Program Audit Report Noted Internal Control Deficiencies

During the fiscal year, GOEA conducted a program audit and reported several internal control weaknesses. I read the report and noted many of the same instances. I concur with GOEA's recommendations and encourage the Council's Finance Committee to follow up on the matters discussed in the report to verify they have been remedied.

IC-5 Management Needs to Identify Conflicts of Interest

Occasionally, I become aware of employees having second jobs. To remedy problems that could occur, I recommend management take a pro-active approach to identify potential conflicts of interest. If any such instances are identified, management can evaluate if second jobs could impact the employee's ability to properly perform his or her job responsibilities while on the Council's payroll. To do

this, each employee would (1) declare that they have or do not have any financial relationships with entities doing business with the Council and (2) declare any second jobs or other working relationships. This information would be obtained from each employee in writing, reviewed by management, and placed in the employee's personnel file with an indication as to whether or not management believes the second job to be a conflict of interest. In addition, written certifications should be obtained from each board member that he or she does not have any conflicts of interest with the Council's operations. Finally, if an employee or board member, after having already provided management with his or her certification, obtains a second job or enters into a possible conflicting relationship, then it should be mandatory for him or her to declare the relationship and not wait until the next certification date.

INSTANCES OF NONCOMPLIANCE

NC-1 Home Delivered Meals Were Served To Ineligible People During the Year

The Council has expanded its service to the Folsom area. In doing so it took over a meal route that had been serviced by a local church. The Council decided to continue serving meals to the same people that the church had been serving until the Council had time to have one of its outreach workers perform an eligibility assessment on the people receiving the meals. When the assessments were performed, the Council discovered a few people had been receiving meals that were not eligible and immediately removed them from the list of eligible participants. The Council's Director of Nutrition said that this matter has been reported to GOEA and that an adjustment will be made to the USDA revenues earned from serving ineligible meals. Approximately, 75 ineligible meals had been served. The Council receives about 54 cents per meal as a USDA reimbursement.

The Council should have assessed the participants before assuming the meal route from the church. Normally, assessments are done in this manner. I recommend the Council learn from this experience and stick to its policy of assessing people before services are provided to prevent future mistakes.

NC-2 Some GOEA Final Reports Differ From Actual Results

I compared the Council's books to final reports filed with GOEA and noticed differences for Title IIIB, Senior Center, Title IIID, and Title IIIF. The differences were a result of error corrections being made to the books after the reports were filed. The changes did not affect any amounts due to/from GOEA. Management should remember to notify GOEA and/or amend reports if changes occur after reports are filed.

NC-3 Flowers Were Purchased Using Public Funds

Article VIII, Section 14 of the Louisiana Constitution prohibits using public funds for gifts and flowers. I noted during the year a few instances where the Council sent flowers and paid for them using public funds. This is a case where management was not familiar with state law. For future occasions, I recommend that, if it is necessary to send flowers for a specific reason, a collection be taken up among the employees for the flowers.

NC-4 There is a Requirement to Identify and Conduct Business With Disadvantaged Businesses

Disadvantaged business enterprises as defined in Title 49, Code of Federal Regulations (CFR), Part 23, shall have the maximum opportunity to participate in the performance of projects financed in whole or in part by federal funds. Because the Council receives federal and state funding it is required that the Council obtain a list of disadvantaged businesses in the parish and try to do business with them. I am not sure where management can obtain this list, but I would check with the various agencies in your parish and make a good faith effort to comply with this requirement.

NC-5 The Interest Rate on One Certificate of Deposit Was Earning Less Than Required Rate

The Council has an investment policy that requires the Council's director to document that the interest rate at the time of investment in the certificate of deposit is not less than fifty basis points ($\frac{1}{2}\%$) below the prevailing market interest rate on direct obligations of the United States Treasury with a similar length of maturity. I noted an instance where this was not done. The Council was actually receiving 4.25% on an \$8,700 CD at Hibernia Bank when it should have been receiving 5.5%. The bank has been notified and the error corrected. I recommend that the Council's Finance Committee be responsible for verifying this is done correctly in the future.

This report is intended solely for the use of the Council's Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Neil G. Ferrari
Neil G. Ferrari, CPA

MANAGEMENT'S CORRECTIVE ACTION PLAN

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana**

June 30, 2000

To the following oversight agencies for audit:

Federal: U.S. Department of Health and Human Services -
Administration on Aging.

State: Legislative Auditor of the State of Louisiana; and
Governor's Office of Elderly Affairs.

St. Tammany Council on the Aging, Inc., Covington, Louisiana,
respectfully submits the following corrective action plan for the
year ended June 30, 2000.

Name and address of independent public accounting firm: Neil G.
Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge,
Louisiana, 70816.

Audit period: For the year ended June 30, 2000.

The findings from the June 30, 2000 schedule of findings and
questioned costs are discussed below. The findings are numbered
consistently with the numbers assigned in the schedule. Section A
of the schedule, Summary of Audit Results, does not include
findings and is not addressed in this corrective action plan.

SECTION B. FINANCIAL STATEMENT FINDINGS

REPORTABLE CONDITION

**Finding 00-1: Prior Year's Reportable Condition Not Fully
Corrected This Year**

**Management's
Response and
Corrective
Action:**

As noted by the auditor, there have been recurring
problems in this area for a number of years. It
was also noted that progress has been made in
correcting some of these deficiencies.

- ♦ **Recommendation that director verify cost
allocations monthly and correct errors
throughout the year** - This recommendation was
implemented and in place in FY2000. However,
it was only when there was a vacancy at the
bookkeeper position and the director was
attempting to handle the bookkeeping duties in
addition to his own did a deficiency recur.

◆ **Recommendation concerning tracking employee time and allocating payroll costs** - While management agrees with the auditor to a point, it is not always possible to track certain employees' exact time spent in each program. Time studies, when done on a regular basis, are a more efficient manner to track costs in some cases. For example, in the case of employees working in both meal programs, the best way to allocate their time to each program is by number of meals served in each program. Procedures are being put into place to determine the best manner to document and track time spent in each program by employees working in multiple programs.

◆ **Recommendation concerning vehicle cost allocation** - New forms and methods of data collection and tracking costs have been put into place as of July 1, 2000 to correct this problem.

In summary, as we begin FY2001, management believes the deficiencies of the past have been remedied to prevent repeated instances from occurring.

SECTION C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

The auditor's findings and recommendations, and management's response and corrective action taken, that were described for Finding 00-1 in Section B hereabove, also apply for this section.

SECTION D. MANAGEMENT LETTER FINDINGS AND RECOMMENDATIONS

Internal Control Weaknesses

IC-1: Opportunities Exist Where Errors Could Occur and Not be Detected

Management's Response and Corrective Action:

◆ **Recommendations concerning journal entries** - While we understand the auditor's concerns, management feels the ability for the bookkeeper to easily correct errors outweighs the risk of an unauthorized transaction occurring. The director will continue to review the general ledger at least monthly to minimize the risk.

- ◆ **Recommendations concerning local CPA responsibilities** - Management is in agreement with the auditor and has informed the CPA of these additional responsibilities.
- ◆ **Recommendations concerning check signers and rubber stamps** - The instances, when two board members signed the checks instead of the director, and the use of the rubber stamp by the assistance director, were isolated instances and against Council policy. Staff and board members, involved in these instances, were counseled and these situations have not recurred. It is also important to point out that the use of the rubber stamp to sign checks or any other legal document is not standard procedure and the stamp is now in the locked possession of the executive director.
- ◆ **Recommendations concerning the cash/checks received and daily deposits** - It is not standard policy for the bookkeeper to record checks and cash received on the log of daily receipts, however, on occasion the bookkeeper is the only employee in the office and this procedure may be unavoidable in those situations. Steps will be taken to insure that someone other than the bookkeeper is recording incoming funds on a regular basis. Concerning daily deposits, management feels that making daily deposits is not always realistic or necessary. It is not the Council's policy to make weekly deposits but rather to make deposits as necessary. Whenever a large check or cash donation comes in, a deposit is made and whenever the total amount received exceeds \$200 a deposit is made. Some days we may not receive any funds or only a small amount, such as, \$10-\$20. There is no need to make a deposit for small amounts. The checks and cash received, after being recorded, are locked up and secured by the bookkeeper. Although this is the policy and procedure the director and bookkeeper follow, they are, for the most part, an informal set of policies. New policies, covering all accounting procedures, are in the process of being written.

- ◆ **Recommendations concerning credit card use and payment** - Although management agrees with the auditor's finding, it should be noted that the instances he listed were not a result of our normal procedure. Instead, the instances occurred due to the previous bookkeeper's failure to follow standard procedure. It should also be noted that no further instances like this occurred once the bookkeeper was replaced.

IC-2:

Classification Errors in Bookkeeping Were Noted That Required Many Year End Adjustments

**Management's
Response and
Corrective
Action:**

- ◆ **Recommendations concerning the signing of checks** - Management agrees with the auditor's findings and recommendations (numbered 1-4) and has implemented the auditor's recommendations. While in basic agreement with number 5, management would like to note that this recommendation is not always possible due to personal schedules and deadlines, nor is it truly necessary if the procedures spelled out in 1-4 are followed. It is our policy that a board member not sign a check if the director has not yet signed it, and that board members not sign a check if they have any question concerning the legitimacy of the check or have any other concerns involving a check. Further, it is the responsibility of the director to call the board member signing the checks and notify him/her if there are any unusual checks that need additional explanation.
- ◆ **Recommendations concerning classification errors** - While it has always been management's goal to review the revenue accounts monthly for these errors, due to turnover and a variety of situations, this has not always occurred. Management will continue to strive to ensure that this is done at least on a monthly basis.
- ◆ **Recommendations concerning vehicle cost allocation** - The auditor's recommendations have been implemented as of July 1, 2000.

- ◆ **Recommendations concerning employee time allocation** - GOEA has been contacted concerning allocating time for employees working in multiple programs. The use of time studies and/or allocation of payroll based on number of meals served for employees of the meal programs is acceptable to GOEA.
- ◆ **Recommendations concerning workman's compensation** - The Council is in agreement with the auditor's recommendations and will begin implementing them.

IC-3: A Physical Inventory Needs To Be Taken of the Council's Fixed Assets

**Management's
Response and
Corrective
Action:**

Management is in agreement that a complete physical inventory needs to be taken but notes that over the past three years the inventory has been streamlined considerably. As a result, numerous items have been deleted due to obsolescence or for having no future use or value. All deletions were reported to and approved by the board.

IC-4: GOEA's Program Audit Report Noted Internal Control Deficiencies

**Management's
Response and
Corrective
Action:**

As addressed in management's report to GOEA, the Council is in agreement with GOEA's findings and recommendations. Management has implemented procedures and taken steps to insure the GOEA recommendations are followed and the noted findings are resolved.

IC-5: Management Needs to Identify Conflicts of Interest

**Management's
Response and
Corrective
Action:**

Management is in agreement with the auditor's recommendations. While the Council has in place written policies and procedures concerning second jobs, financial interest with entities doing business with the Council, and any type of conflict of interest, these policies will be reviewed and revised over the next several months with the recommendations made herein in mind.

Instances of Noncompliance

NC-1: Home Delivered Meals Were Served To Ineligible People During the Year

**Management's
Response and
Corrective**

Action: Management is in agreement with the auditor's finding and will take steps to implement the auditor's recommendation.

NC-2: Some GOEA Final Reports Differ From Actual Results

**Management's
Response and
Corrective**

Action: Management is in agreement with the auditor's finding and will take steps to implement the auditor's recommendation.

NC-3: Flowers Were Purchased Using Public Funds

**Management's
Response and
Corrective**

Action: While understanding the auditor's finding, the board and management of the Council feel it is an obligation of the Council to recognize, memorialize, thank, console or remember those who have had a significant impact on the Council and the elderly it serves. Steps will be taken to ensure this continues to be done but in a manner that ensures public funding is not used for these purposes. Management was unaware of this prohibition.

NC-4: There is a Requirement to Identify and Conduct Business With Disadvantaged Businesses

**Management's
Response and
Corrective**

Action: Management is in agreement with the auditor and has always attempted to do business locally, including disadvantaged businesses. Management will attempt to get an updated listing of such businesses by contacting various state and local agencies.

NC-5: The Interest Rate on One Certificate of Deposit Was
Less Than the Required Rate

**Management's
Response and
Corrective**

Action: Management is in agreement with the auditor's
finding and recommendation.

 If there are any questions regarding this corrective action
plan, please call Jimmy Corkern, the Council's Director, at
(504)892-0377.